

Audit of Arts Centre Carlisle Old Fire Station (OFS)

Draft Report Issued: 19 February 2018

Director Draft Issued: 26 February 2018

Final Report Issued: 05 March 2018



Audit Report Distribution

Client Lead:	Contracts & Community Services Manager
For Information:	Deputy Chief Executive Chief Executive (Final Report)
Others:	Community Development Officer Community Involvement Officer Administrative Assistant
Audit Committee:	The Audit Committee, which is due to be held on 19 March 2018, will receive a copy of the report.

Executive Summary

1.0 Background

- 1.1. This report summarises the findings from the audit of the Old Fire Station Arts Centre (OFS). This was an internal audit review included in the 2017/18 risk-based audit plan agreed by the Audit and Assurance Committee on 16th March 2017.
- 1.2 The Council has adapted the OFS to provide an Arts and Entertainment venue with four main spaces including a ground floor foyer with box office, café-bar, plus a main auditorium for live music, comedy, theatre and exhibitions accommodating around 250 seated or 350 standing. There is a first floor studio space for workshops and conferences, plus an additional first floor studio. The remaining space includes smaller rooms which are being used for offices, rehearsals, changing rooms and studios for rent.
- 1.3 This is a relatively new area for the Council and has not previously been audited. Internal audit recognises that the team are working hard to establish the OFS as a successful venue. However there is a need to focus on the risks identified during this review and make sure that they are appropriately managed.
- 1.3 The Council has a contract with a third party provider to manage the café-bar 'Mcgrews'.
- 1.4 The OFS objectives align and support the Council's Plan in relation to the development of the arts and culture facilities to support the health and wellbeing of residents. It also supports business growth skills development to improve opportunities and economic prospects for the people of Carlisle and promotes Carlisle regionally, nationally as a place with much to offer, full of opportunities and potential.

2.0 Audit Approach

Audit Objectives and Methodology

- 2.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.
- 2.2 A risk based audit approach has been applied which aligns to the five key audit control objectives (see section 4). Detailed findings and recommendations are reported within section 5 of this report.

Audit Scope and Limitations.

- 2.3 The Audit Scope was agreed with management prior to the commencement of the audit review. The Client Lead for this review was the Contracts and Community Services Manager and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following scope areas:
- Risk 1- *Core Council priorities are not achieved / supported because the Arts Centre's objectives are not clearly defined, approved, aligned and communicated and / or insufficient monitoring of the performance of the centre.*
 - Risk 2 - *Failure to meet Council's procedures / guidance on H & S for the Arts Centre leading to staff and members of the public being put at risk.*
 - Risk 3 - *Safeguarding of assets is not effective because unauthorised individuals can access the premises / premises not secured and / or inadequate safeguarding arrangements (such as insurance).*
 - Risk 4 – *Poor quality information resulting in incomplete financial records and poor performance.*
 - Risk 5 - *Reputational damage due to failure to manage above risks appropriately.*
- 2.4 There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0 Assurance Opinion

- 3.1 Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix B**.
- 3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within the Arts Centre – The Old Fire Station (OFS) provide **partial assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0 Summary of Recommendations, Audit Findings and Report Distribution

- 4.1 There are two levels of audit recommendation; the definition for each level is explained in **Appendix C**.

D1701 Arts Centre – The Old Fire Station (OFS)

- 4.2 There are fifteen audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	High	Medium
1. Management - achievement of the organisation's strategic objectives achieved (see section 5.1)	-	2
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	2	6
3. Information - reliability and integrity of financial and operational information (see section 5.4)	1	0
4. Security - safeguarding of assets (see section 5.3)	1	3
5. Value – effectiveness and efficiency of operations and programmes (see section 5.5)	-	-
Total Number of Recommendations	4	11

- 4.3 Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A.

4.4 Findings Summary:

The OFS's service objectives are reviewed quarterly and align and support the Council's plan. KPI's have recently been implemented to aid the service and a £39,000 grant has been successfully secured from the Arts Council. The Council has a contract with McGrew's for the provision of a café and bar services at the OFS.

The OFS is a relatively new venture for the Council and it is recognised that the team are working hard to make this a success. However, a number of issues were identified during the audit review that require attention.

Management should strengthen controls to ensure the safety of staff and the public. In particular action is required to address outstanding issues on fire safety, including completion of a safety assessment and implementing and enforcing procedures.

There is a need to review arrangements over income, to ensure it is retained / handled securely, in line with insurance requirements. In addition, building security processes should be reviewed and adherence to controls needs to be maintained.

Action should be taken to address casual staff, including reviewing their employment status and ensuring that DBS checks are performed.

D1701 Arts Centre – The Old Fire Station (OFS)

Management also need to ensure that formal contract monitoring arrangements are introduced and tighter controls are implemented in relation to income recording, monitoring and events.

Comment from the Deputy Chief Executive.

The findings of this report have already proved very useful to the Service Manager and the OFS team. A significant number of the recommendations have already been acted on and improvements made to the facilities systems.

During this next period (April – June) the team will focus on meeting all other recommendations.

Where the report recommendations fall outside of the teams direct control (e.g. with property services) I will ensure that the recommendations for improvement are responded to with clear actions.

5.0 Audit Findings

5.1 Management – Achievement of the organisation's strategic objectives

Audit Findings

- 5.1.1** The OFS's service objectives are included in the approved Service Plan 2017. The objectives align and support the Council's Plan in relation to the development of the arts and culture facilities to support the health and wellbeing of our residents. It also supports business growth skills development to improve opportunities and economic prospects for the people of Carlisle regionally, nationally as a place with much to offer, full of opportunity and potential.
- 5.1.2** The service plan is reviewed quarterly and is included in the quarterly performance reports.
- 5.1.3** During the audit it was noted that the first draft of the business plan has been delayed and is expected to be completed by the end of March 2018.
- 5.1.4** Service risks are recorded and managed through the City Council's monitoring software Project Server. The Contracts & Community Services Manager reported that he had reviewed the risks last summer, however project server records that the risks were last reviewed / modified on 6 March 2017. Audit established that project server does not automatically update this field when risks are reviewed / modified. The reviewer needs to manually amend this field.
- 5.1.5** If risks are not regularly monitored there is a risk that Council priorities are not achieved / supported.
- Recommendation 1 – Management should ensure that service risks are reviewed in accordance with the Council's Risk Management Policy. When reviewed the reviewed / modified field on project server should be manually updated. (M)**
- 5.1.6** The Contracts & Community Service Manager monitors the budget on a monthly basis.
- 5.1.7** KPI's have recently been approved and introduced for the service.
- 5.1.8** During the audit it was noted that there was a lack of documented procedures / guidance in relation to the following areas:
-the process for monitoring and reporting KPI's;
-the process for booking contentious and high risk shows, this should include

retaining evidence that the process has been completed for such events;
-for all aspects of events, for example booking declining, postponing, cancelling, & managing, referral of events to promoters, risk assessments, staffing events, public liability insurance etc;
-OFS monitoring and administration tasks;
-building & maintenance checks and defects;
-health & Safety checks;
-CCTV.

5.1.9 If procedures and processes are not clearly documented there is a risk that the OFS objectives are not achieved as officers may be unsure of their roles and responsibilities.

Recommendation 2 – Management should ensure that procedures / guidance is agreed and documented for all areas of the service including areas identified within this audit review. All guidance / procedures should be dated and version controlled. (M)

5.2 Regulatory – compliance with laws, regulations, policies, procedures and contracts

5.2.1 There are no arrangements in place for management to receive regular assurances that statutory health and safety and building maintenance checks are being undertaken at the OFS. For example fire extinguishers / fire equipment record log sheet detailed no testing or checks had been completed.

5.2.2 There are no arrangements in place for management to receive confirmation that defects have been fixed at the OFS.

5.2.3 There is a risk that health and safety concerns or other building issues are not identified and rectified on a timely basis.

Recommendation 3 – Management should ensure that arrangements should be put in place to ensure that management receive regular assurance that all defects have been fixed and that statutory health and safety and building maintenance checks are being undertaken at the OFS. Management should consider how these checks and their outcomes should be documented and reviewed and that any remedial actions are undertaken. (M)

- 5.2.4** Work in progress includes a planned emergency evacuation drill to coincide with the Council's emergency planning exercise which is due to take place in March 2018. The team are working through reading and signing off safe system of work sheets. For example: electricity, handling materials, fire precautions etc.
- 5.2.5** Risk assessments for each event are pre-prepared, one for standing events and one for seated. The appropriate risk assessment should form part of the supervisor event file for each event. A random sample of eight events were tested and a risk assessment was missing from one event file and another file had the incorrect risk assessment.
- 5.2.6** Failure to meet Council's procedures / guidance on H & S for the Arts Centre leading to staff and members of the public being put at risk.

Recommendation 4 – Management should ensure that all event files include the appropriate risk assessment. (M)

- 5.2.7** Two out of four job descriptions (JD) for the OFS team need to be brought up to date as they both make reference to a previous directorate and neither JD makes reference to specific responsibilities for the OFS.
- 5.2.8** The audit highlighted two casual posts that were recruited via word of mouth in September 2016. In the period July to December 2017 the total number of hours worked for both posts equals in excess of 1,371 hours. HR are currently looking into this as the number of hours work regularises the arrangement with workers rather than being on an ad hoc basis.
- 5.2.9** There is a reputational risk to the Council if officers do not follow HR policies and procedures / guidance.

Recommendation 5 – Management should seek advice from HR with reference to the two casual posts. (H)

- 5.2.10** Examples were noted during the audit where two family members were working in the same service area and an officer was included on the guest list for a recent event. None of these had been declared and recorded on the appropriate documentation. There is a reputational risk to the Council if officers do not declare and resolve any interests, relationships, gifts and hospitality.

Recommendation 6 – Management should ensure that officers declare and resolve any interests, relationships, gifts and hospitality as per the requirement in the Officers' Code of Conduct. (M)

5.2.11 A review of the electronic training record highlighted that not all of the OFS team have received the appropriate training for example first aid training.

5.2.12 Currently 1 to 1's are not completed on a regular basis and the last team appraisal completed in March 2017 could not be located during the audit review. As a result there is a risk of Council objectives not being delivered due to roles and responsibilities not being clearly defined.

Recommendation 7 – Management should ensure the following:

-that the OFS team including casuals and McGreys staff has the appropriate training to carry out their roles safely and effectively;

-regular formal 1 to 1's are undertaken for the OFS team and that annual appraisals are documented and retained. (M)

5.2.13 Not all of the OFS team have a valid enhanced Disclosure & Barring Service (DBS) check. As a result there is a risk of reputational damage to the Council as staff may work in an environment with vulnerable people.

Recommendation 8 - Management should ensure there is a system in place to ensure that all appropriate officers have a valid enhanced DBS check, including McGreys staff. (M)

5.2.14 A Health and Safety Audit was completed in August 2017. Several recommendations which were made in this report have yet to be implemented and remain work in progress. An email was sent out to the responsible officers in December 2017 asking for their feedback to be submitted at the start of 2018.

5.2.15 A fire risk assessment has not been completed since 2015. In the OFS Site Safety Inspection and Findings Report dated 15 August 2017, this recommends that a Fire Risk assessment is subject to annual reviews and that this has been passed onto the buildings team to arrange for Fire Risk assessment to be reviewed and updated by a competent person within the next 6 months. At the time of the audit this action remains outstanding.

5.2.16 The fire alarm activated during an event in December 2017 at the OFS, however it could not be clearly heard over the music. After further investigation it was found that the alarm panel does not disconnect the amps on stage, but does stop the music in McGreys. The supervisor on the evening made the decision not to evacuate as it was concluded the alarm had been activated by the haze machine. The buildings team are currently looking for a plan to resolve this. It was noted on 17 January 2018 that neither the Contracts & Community Services Manager nor the Safety, Health & Environmental Manager was aware of this incident as an Accident Reporting Form had not been completed.

5.2.17 Failure to meet Council's procedures / guidance on health & safety for the OFS may lead to staff and members of the public being put at risk.

Recommendation 9 - Management should ensure that all outstanding fire issues are satisfactory resolved as soon as possible. This should include the following:

- That a Fire Risk assessment is reviewed and updated by a competent person within the next few months;**
- That supervisors are adhering to their responsibilities at each event;**
- The fire alarm should be fixed to ensure that on activation everyone inside the OFS can hear it to ensure a safe evacuation can be undertaken;**
- OFS management are notified of any future incidents;**
- An accident reporting form is completed when an incident occurs and the Health, Safety & Environmental Manager notified;**
- Management should discuss and agree if the staff should automatically evacuate the premises if the fire alarm is activated. (H)**

5.2.18 There is a signed contract between the Council and McGrew's to provide the café and bar services at the OFS.

5.2.19 A brief review of this contract identified an error with regard to payment of a percentage of McGrew's income / profit. The contract should be amended to record what was originally agreed for the payment of a percentage of profit in excess of £30,000.

5.2.20 There is no formal contract monitoring in place, informal meetings are held twice yearly between the Contracts & Community Services Manager and McGrew's. Management have no assurance that McGrew's is adhering to his contractual responsibilities. For example: each of the service providers personnel is suitably qualified, adequately trained, all comply with all of the policies of the Council and subject to a valid enhanced disclosure check where appropriate.

5.2.21 As part of the contract McGrew's is required to organise and manage events. It was noted that none of the team have had any stewarding training. There is currently no requirement for these events to be run and managed using the same or similar processes that the Council uses, for example: pre gig check list, appropriate risk assessment etc.

5.2.22 There is a risk of reputational damage to the Council due to a failure to manage the contract appropriately.

Recommendation 10 - Management should ensure the following:

- formal documented contract management meetings are regularly held to gain assurance that McGrew's is adhering to the agreement;**
- that evidence is provided to give assurance that conditions of the contract are being followed. For example: that the service providers personnel is suitably qualified, adequately trained, all comply with all of the policies of the Council, are subject to a valid enhanced disclosure check where appropriate and information is received on a timely basis.**
- procedures / guidance should be agreed, documented and implement to ensure consistency between Council and McGrew's events. (M)**

5.2.23 There is currently no contract or framework agreement in place with event promoters, as an agreement is completed for each event. Management should seek advice from the Finance Officer (Procurement) to discuss if a formal contract or framework agreement for events organised by promoters needs to be explored.

5.3 Information – reliability and integrity of financial and operational information

5.3.1 A sample of event files were tested during the audit and the following was noted:

- the number of tickets sold as per the monthly remittances did not agree to the operational spreadsheet which is maintained by the team;
- the Tourist Information Centre's (TIC) 5% commission fee has not been deducted from the total income recorded on the operational spreadsheet;
- the above errors resulted in an overall difference in income of £666.84,
- income detailed on the monthly remittances agreed to bank statements and had been correctly coded in the general ledger.
- monthly remittances (from McGrew's) are not received and subsequently invoices raised on a timely basis;
- a sample of tenant invoices were successfully traced to the bank statements and general ledger;
- a sample of agent and act booking fees were successfully traced to bank statements and general ledger;
- there was no signed agreement between the Council and the artist / promoter on file for one test and the agreement on two further files had not been appropriately signed;
- there are no documented procedures / guidance in relation to administration tasks or events (see recommendation 2);
- the supervisor pre-gig checklist was not signed on one file.

5.3.2 Poor quality information resulting in incomplete financial records and poor performance.

Recommendation 11 – Management should ensure the following:

- that ticket sales and income are accurately recorded. This should include a review of the system and documenting it to ensure consistency;
 - that McGreys monthly remittances are received and subsequently invoices raised on a timely basis;
 - that event files are appropriately completed and contain the required paperwork.
- (H)**

5.4 Security – Safeguarding of Assets

5.4.1 The following weaknesses were noted during the audit review in relation to security of value and cash carrying:

- unsecured cash being left on a desk in the OFS office at the Civic Centre;
- cash is kept in a locked locker, however the key to the locker is retained in an unlocked desk drawer in the OFS office in the Civic Centre;
- no cash carrying log is maintained when officers carry cash to the Civic Centre or the bank;
- cash is not being signed for by McGrew's staff or Council officers when value is placed in or taken out of McGrew's safe, or when value is taken to the Civic Centre;
- a separate record of total value retained prior to banking is not currently being maintained;
- the till containing cash which is situated in the OFS box office was left with the key in the till drawer whilst the box office was unattended and unlocked. McGrew's was open to the public at this time;
- the team have not had any cash carrying or cash handling risk assessments undertaken nor do they have any related guidance or procedures.

5.4.2 Safeguarding of value and assets is not effective because it is not held securely and can be accessed by unauthorised individuals.

Recommendation 12 – Management should ensure the following:

- A cash handling and cash carrying risk assessment be completed as soon as possible and guidance / procedures agreed and document;
- cash is held securely in line with insurance guidelines;
- a separate record is maintained of cash held;
- value should be signed for when handed over or received (recommended to have a cash handling logbook);
- the box office should be locked when unattended and the till key should not be left in the till;
- the store cupboards should be locked when unattended;
- meeting rooms should be locked when not in use. **(H)**

- 5.4.3** During the audit the following was noted in relation to general security at the OFS:
- The opening and closing procedure details both the OFS alarm code and access gate code;
 - The Emergency Evacuation Procedure points 1 & 2 do not refer to members of the public only staff. The procedures also do not include a search of the ground floor by a designated officer, only a search of the upper floor is mentioned;
 - There are no counter terrorism procedures/guidance, for example – Run-Hide-Tell, bag searches etc;
 - CCTV has recently been installed, however it was not possible to establish if all the cameras are in working order as not all officers have been fully trained on the system;
 - There is inadequate CCTV signage displayed at the OFS;
 - The key holder list is not current and none of the key holders have signed for their set of keys and as a result it is not possible to establish exactly how many sets of keys there are for the OFS;
 - on Audit's visit to the OFS it was noticed that the two cupboards used to store equipment were both unlocked and McGreaves was open to the public. One of the upstairs meeting rooms was also observed to be unlocked and was not in use.
- 5.4.4** Safeguarding of assets is not effective because unauthorised individuals can access the premises /premises not secured and / or inadequate safeguarding arrangements.

Recommendation 13 – Management should ensure the following:

- The Opening and closing procedures should be updated and should not detail the alarm code or the access gate code. These codes should be removed from the procedures as soon as possible;
- Counter terrorism procedure / guidance should be documented which should include Run-Hide-Tell and bag searches;
- Security procedures / guidance should be updated, documented, agreed and implemented to cover all aspects relating to OFS;
- that all applicable staff receive CCTV operational training;
- CCTV procedures / guidance should be agreed and documented as soon as possible. This should also include retention of data and what the process is if someone requested a copy of or to look at CCTV footage, for example the Police if an incident occurred;
- Liaise with legal to ensure that they have adequate CCTV signage displayed at the OFS;
- The CCTV should be regularly checked to ensure it is all in working order;
- the key holders list should be reviewed and brought up to date. All premises keys should be signed for;
- Rooms and cupboards containing equipment at the OFS should be locked when not in use. (M)

- 5.4.5** The only tenant has a signed lease agreement and completes the signing in sheet when on the premises.
- 5.4.6** At the time of the audit the annual check of the inventory was in the process of being reviewed, this is expected to be completed in early 2018.
- 5.4.7** The OFS is covered on the Council's buildings and contents insurance.
- 5.4.8** The Council's public liability insurance also covers amateur artists / bands.
- 5.4.9** A sample of eight event files was reviewed to see if the appropriate insurance policies were included, it was noted that on two files there was no copies of insurance documentation to cover the artist for the actual event. Management confirmed that they are currently in talks with the Council's insurers to see if it is possible for the Council to have a blanket cover which would cover the artist / band.
- 5.4.10** Safeguarding of staff and members of the public is not effective due to insufficient insurance cover.

Recommendation 14 – Management should ensure that a copy of the appropriate valid insurance policy is on file for each event. (M)

- 5.4.11** The Council's Data Protection membership is current.
- 5.4.12** Mailchimp is used for marketing the OFS and retains customer email addresses. The team were unsure how Mailchimp manage this information. As a result there is a risk of reputational damage due to possible breaches to the Council's data protection policy and procedures.

Recommendation 15 – Management should establish how Mailchimp manages the information and ensure that this complies with the Council's Data Protection Policy and Procedures and appropriate guidance / procedures should be documented. (M)

5.5 Value – effectiveness and efficiency of operations and programmes

- 5.5.1** The Council has successfully bid for a grant from the Arts Council for £39,000. This payment has been split into three and will be paid in the period from December 2017 to July 2018. The first payment of £19,500 was received on 8 December 2017.
- 5.5.2** The team have regular panel meetings to discuss events, these meetings are not always formally documented.
- 5.5.3** High value events are usually passed on to a promoter (SSD) to organise which reduces the financial risk to the Council as the promoter is solely responsible for the event.
- 5.5.4** If an event is declined, the reason for this is now recorded on a spreadsheet.
- 5.5.5** There are no procedures or guidance documented in relation to accepting / declining events or referring events to promoters. (See recommendation 2)

Appendix A – Management Action Plan

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1: Management should ensure that service risks are reviewed in accordance with the Council's Risk Management Policy. When reviewed the reviewed / modified field on project server should be manually updated.	Priority M	Risk Exposure If risks are not regularly monitored there is a risk that Council priorities are not achieved / supported.	Key risks for the Old Fire Station are already recorded on project server in accordance with Council Risk Management policy and are reviewed quarterly along with other service risks. During the audit the most recent review of OFS risks had not included updating of the date field (which does not occur automatically). The subsequent quarterly review of these risks has updated the date field.	Contracts and Community Services Manager	01 March 2018
Recommendation 2: Management should ensure that procedures / guidance is agreed and documented for all areas of the service including areas identified within this audit review. All guidance / procedures should be dated and version controlled.	Priority M	Risk Exposure If procedures and processes are not clearly documented there is a risk that the OFS objectives are not achieved as officers may be unsure of their roles and responsibilities.	A number of key processes are already mapped and recorded. An internal review will be held within the team to identify a full list of processes to be recorded, and a programme of documenting these will be undertaken. Once completed all processes will be held on the OFS Intranet page and reviewed annually.	Contracts and Community Services Manager	30 June 2018

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 3: Management should ensure that arrangements should be put in place to ensure that management receive regular assurance that all defects have been fixed and that statutory health and safety and building maintenance checks are being undertaken at the OFS. Management should consider how these checks and their outcomes should be documented and reviewed and that any remedial actions are undertaken.	Priority M	Risk Exposure Sanctions, litigation and reputational damage could arise from non-compliance with relevant legislation because staff are unaware of the required statutory health and safety and building maintenance checks to follow.	Property services are establishing a corporate approach to logging and tracking defects for all internal council clients. We will ensure that all defects are logged formally within this system once it is up and running. Twice yearly maintenance meetings have also be established to review defects over the 6 month period, as well as identify required health and safety and maintenance checks over the coming period. These meetings will be documented and the notes shared between Contracts and Community Services and Property Services. The first meeting has already been scheduled for March 2018.	Senior Estates Surveyor & the Contracts and Community Services Manager	01 March 2018
Recommendation 4: Management should ensure that all event files include the appropriate risk assessment.	Priority M	Risk Exposure Failure to meet Council's procedures / guidance on H & S for the Arts Centre leading to staff and members of the public being put at risk.	All files will be individually reviewed at the closure of each event, with any discrepancies in paperwork collated into a monthly report and submitted to the Contracts and Community Services Manager.	Contracts and Community Services Manager	01 March 2018

D1701 Arts Centre – The Old Fire Station (OFS)

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 5: Management should seek advice from HR with reference to the two casual posts.	Priority H	Risk Exposure There is a reputational risk to the Council if officers do not follow HR policies and procedures / guidance.	Advice has been sought from HR regarding the two casual posts. HR's advice will be followed in terms of recognising any employment rights casual staff have accrued (if this is the case) and if appropriate formal contracts will be established. Such liabilities can be met from within existing Old Fire Station budgets.	Contracts and Community Services Manager	01 March 2018
Recommendation 6: Management should ensure that officers declare and resolve any interests, relationships, gifts and hospitality as per the requirement in the Officers' Code of Conduct.	Priority M	Risk Exposure There is a reputational risk to the Council if officers do not declare and resolve any interests, relationships, gifts and hospitality.	All staff have been reminded of the obligations within the Officer Code of conduct. All hospitality will be recorded when given or received.	Contracts and Community Services Manger	01 March 2018

D1701 Arts Centre – The Old Fire Station (OFS)

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 7: Management should ensure the following: -that the OFS team including casuals and McGrews staff has the appropriate training to carry out their roles safely and effectively; -regular formal 1 to 1's are undertaken for the OFS team and that annual appraisals are documented and retained.	Priority M	Risk Exposure There is a risk of Council objectives not being delivered due to roles and responsibilities not being clearly defined.	A training schedule is held for all casual staff with all team members currently operational having completed the relevant training.	Contracts and Community Services Manager	01 March 2018
			We will ensure that McGrew's staff complete the same basis training required of the City Council's own supervisors on a rolling programme over the next 6 months.		30 June 2016
			Notes of 1:1s will be formally documented via email and shared immediately with team members.		01 March 2018
			Team appraisals are undertaken annually, we will ensure that the document is retained appropriately.		01 March 2018
Recommendation 8: Management should ensure there is a system in place to ensure that all appropriate officers have a valid enhanced DBS check, including McGrews staff.	Priority M	Risk Exposure There is a risk of reputational damage to the Council as staff may work in an environment with vulnerable people.	All city council establishment staff already who undertake work at the OFS have recorded DBS checks.	Contracts and Community Services	01 March 2018
			Enhanced DBS checks have been requested immediately for casual supervisors who have not yet been DBS Checked.		01 March 2018
			The Contracts & Community Services Manager has confirmed that relevant McGrew's staff have had DBS checks, certificates will be held on file.		01 March 2018

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 9: Management should ensure that all outstanding fire issues are satisfactory resolved as soon as possible. This should include the following: -That a Fire Risk assessment is reviewed and updated by a competent person within the next few months; -That supervisors are adhering to their responsibilities at each event; -The fire alarm should be fixed to ensure that on activation everyone inside the OFS can hear it to ensure a safe evacuation can be undertaken; -OFS management are notified of any future incidents; -An accident reporting form is completed when an incident occurs and the Health, Safety & Environmental Manager notified; -Management should discuss and agree if the staff should automatically evacuate the premises if the fire alarm is activated.	Priority H	Risk Exposure Failure to meet Council's procedures / guidance on health & safety for the OFS may lead to staff and members of the public being put at risk.	A refreshed Fire Risk Assessment has been booked in with a competent provider and will be completed in the coming months.	Contracts and Community Services Manager	30 March 2018
			Work to recommission the fire alarm systems so the PA system is automatically disconnected, and that beacons are added to the wall, has already been commissioned. This is due for completion by the end of March 2018.		30 March 2018
			Staff have been reminded of the need to record alarms on a corporate incident report form as well as the fire log at the Old Fire Station. The supervisors' handbook has also been updated accordingly.		30 March 2018
			A refreshed evacuation procedure has already been produced which mandates that Supervisors evacuate the building whenever the alarm is activated (irrespective of if it is a known false alarm or not).		30 March 2018

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
<p>Recommendation 10: Management should ensure the following:</p> <ul style="list-style-type: none"> -formal documented contract management meetings are regularly held to gain assurance that McGrew's is adhering to the agreement; -that evidence is provided to give assurance that conditions of the contract are being followed. For example: that the service providers personnel is suitably qualified, adequately trained, all comply with all of the policies of the Council, are subject to a valid enhanced disclosure check where appropriate and information is received on a timely basis. -procedures / guidance should be agreed, documented and implement to ensure consistency between Council and McGrew's events. 	<p>Priority M</p>	<p>Risk Exposure There is a risk of reputational damage to the Council due to a failure to manage the contract appropriately.</p>	<p>Formal contract management meetings with the concession holder have now been diarised on a twice yearly basis in June and December (which fits with the concession holder's financial year and when his audited accounts are produced). These meetings will be formally documented.</p> <p>At the June meeting each year the conditions of contract will be reviewed and a list of required documents / evidence will be completed and submission requested. The December meeting will focus on a review of audited accounts.</p>	<p>Contracts and Community Services Manager</p>	<p>01 March 2018</p>

D1701 Arts Centre – The Old Fire Station (OFS)

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 11: Management should ensure the following: - that ticket sales and income are accurately recorded. This should include a review of the system and documenting it to ensure consistency; - that McGrews monthly remittances are received and subsequently invoices raised on a timely basis; -that event files are appropriately completed and contain the required paperwork.	Priority H	Risk Exposure Poor quality information resulting in incomplete financial records and poor performance.	<p>Updated processes are being established with McGrew's and the TIC to ensure that ticket sales are recorded consistently.</p> <p>Updates to the reconciliation sheet will be accompanied with a date stamp and note for audit processes.</p> <p>The remittance frequency with McGrews will be increased to monthly to ensure more timely payment</p> <p>As per recommendation 4 - All files will be individually reviewed at the closure of each event, with any discrepancies in paperwork collated into a monthly report and submitted to the Contracts and Community Services Manager.</p>		30 March 2018 01 March 2018 01 March 2018 01 March 2018

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 12: Management should ensure the following: -A cash handling and cash carrying risk assessment be completed as soon as possible and guidance / procedures agreed and document; -cash is held securely in line with insurance guidelines; -a separate record is maintained of cash held; -value should be signed for when handed over or received (recommended to have a cash handling logbook); -the box office should be locked when unattended and the till key should not be left in the till; -the store cupboards should be locked when unattended; -meeting rooms should be locked when not in use.	Priority H	Risk Exposure Safeguarding of value and assets is not effective because it is not held securely and can be accessed by unauthorised individuals.	A cash handling and cash carrying risk assessment has already been produced in consultation with the Health and Safety Manager. Practice and processes have been updated to reflect this assessment.	Contracts and Community Services Manager	01 March 2018

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 13: Management should ensure the following: -The Opening and closing procedures should be updated and should not detail the alarm code or the access gate code. These codes should be removed from the procedures as soon as possible; -Counter terrorism procedure / guidance should be documented which should include Run-Hide-Tell and bag searches; -Security procedures / guidance should be updated, documented, agreed and implemented to cover all aspects relating to OFS; -that all applicable staff receive CCTV operational training; -CCTV procedures / guidance should be agreed and documented as soon as possible. This should also include retention of data and what the process is if someone requested a copy of or to look at	Priority M	Risk Exposure Safeguarding of assets is not effective because unauthorised individuals can access the premises /premises not secured and / or inadequate safeguarding arrangements.	<p>The opening and closing procedures have been updated and do not detail any codes for alarms or access points.</p> <p>The supervisor's handbook now contains procedures for counter terrorism and bag searches.</p> <p>General security procedures and guidance will be reviewed in accordance with recommendation 2.</p> <p>CCTV operational training has already been established for core staff with a further programme of training to be established with the manufacturer.</p> <p>A corporate approach to procedures and guidance for operating CCTV across Council premises is under development. All Old Fire Station staff will be trained in, and adhere to this guidance.</p> <p>Guidance will be sought from legal on the signage and the signage itself will be updated in accordance with any advice given.</p>	Contracts and Community Services Manager	<p>01 March 2018</p> <p>01 March 2018</p> <p>30 June 2018</p> <p>30 June 2018</p> <p>30 June 2018</p> <p>30 April 2018</p>

D1701 Arts Centre – The Old Fire Station (OFS)

<p>CCTV footage, for example the Police if an incident occurred;</p> <p>-Liaise with legal to ensure that they have adequate CCTV signage displayed at the OFS;</p> <p>-The CCTV should be regularly checked to ensure it is all in working order;</p> <p>-the key holders list should be reviewed and brought up to date. All premises keys should be signed for;</p> <p>-Rooms and cupboards containing equipment at the OFS should be locked when not in use.</p>			<p>Checks of the CCTV systems will be added to supervisor's duties before each event, with faults to be reported within the event pack returned.</p>		01 March 2018
			<p>The key holder list has been reviewed and updated. All key holders are being asked to sign to acknowledge key possession.</p>		01 March 2018
			<p>All staff have been reminded of the need to keep rooms and cupboards locked. Periodic and random checks will be undertaken on this element of security with a quarterly report provided to the Contracts and Community Services Manager.</p>		01 March 2018

D1701 Arts Centre – The Old Fire Station (OFS)

Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 14: Management should ensure that a copy of the appropriate valid insurance policy is on file for each event.	Priority M	Risk Exposure Safeguarding of staff and members of the public is not effective due to insufficient insurance cover.	We will continue to pursue individual insurance policies for all acts and promoters in the immediate short term. The proposed file audit will offer assurance in this area.	Contracts and Community Services Manager	01 March 2018
Recommendation 15: Management should establish how Mailchimp manages the information and ensure that this complies with the Council's Data Protection Policy and Procedures and appropriate guidance / procedures should be documented.	Priority M	Risk Exposure There is a risk of reputational damage due to possible breaches to the Council's data protection policy and procedures.	Further advice will be sought from the legal team regarding the use of mail chimp immediately and in the light of GDPR.	Contracts and Community Services Manager	30 June 2018

Appendix B

Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Improvements, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

Appendix C

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations used; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).